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6
7 UNITED STATES BANKRUPTCY COURT

8 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
9

10 In re

Case No. 19-30088-DM

11 PG&E Corporation

Chapter 11

12 and

**TEICHERT PIPELINES' OBJECTION
TO PROPOSED CURE AMOUNT**

13 PACIFIC GAS AND ELECTRIC
14 COMPANY.

Date: May 27, 2020
Time: 10:00 a.m.
Place: Courtroom 17
450 Golden Gate Avenue
San Francisco, CA 94102

15 Debtors.

Judge: Hon. Dennis Montali

16 ☐ Affects PG&E Corporation
17 ☐ Affects Pacific Gas and Electric Company
18 ☒ Affects Both Debtors,

19 *All papers shall be filed in the Lead Case
20 No. 19-30088-DM

21 Teichert Pipelines, Inc. ("Teichert Pipelines"), by and through its counsel, hereby files its
22 Objection to Proposed Cure Amount ("Cure Objection") pursuant to the Notice of Filing Plan
23 Supplement in Connection with Debtor's and Shareholder Proponents' Joint Chapter 11 Plan of
24 Reorganization Dated March 16, 2020 (Docket No. 7037) ("Plan Supplement").

25 Teichert Pipelines is a contract counterparty of the Debtor, pursuant to those certain
26 agreements described as Master Services Agreement #'s 4400008031 (and including prior change
27 orders thereto), and 4400011645 (C2544) (and including prior change orders thereto), which
28 themselves incorporate and encompass associated Contract Work Authorizations ("CWA"),

Purchase Orders (“PO”), and Blanket Purchase Orders (“BPO”) (“MSA 8031” and “MSA 2544”, each a “Contract” both the “Contracts”).

The Debtor is in default under each of the MSA 8031 and the MSA 2544 as a result of unpaid and due and owing amounts totaling \$15,643,488.82, plus interest of \$2,220,089.65,¹ for a total amount due under both MSA’s of \$17,863,578.47 (“Cure Amount”).²

The Contracts are not specifically listed on Exhibit B to the Plan Supplement as those to be assumed. Exhibit B to the Plan Supplement identifies the following contracts and associated cure amounts (“Debtor Identified Contracts/Invoices”):

Contract ID	Debtor Name	Title of Agreement	Effective Date of Agreement	Cure Amount
SRCAMA_C2544_01266	PACIFIC GAS AND ELECTRIC COMPANY	CONTRACT CHANGE ORDER NO 6 - GAS DISTRIBUTION GENERAL CONSTRUCTION	3/27/2020	
SRCPOS_2700056733	PACIFIC GAS AND ELECTRIC COMPANY	PURCHASE ORDER #2700056733 DATED 1/24/2018	1/24/2018	\$21,066.92
SRCPOS_2700078465	PACIFIC GAS AND ELECTRIC COMPANY	PURCHASE ORDER #2700078465 DATED 03/09/2018	3/9/2018	\$3,330,360.87
SRCPOS_2700102071	PACIFIC GAS AND ELECTRIC COMPANY	PURCHASE ORDER #2700102071 DATED 05/01/2018	5/1/2018	\$1,088,229.22
SRCPOS_2700144998	PACIFIC GAS AND ELECTRIC COMPANY	PURCHASE ORDER #2700144998 DATED 08/03/2018	8/3/2018	\$3,083,817.40
SRCPOS_2700171016	PACIFIC GAS AND ELECTRIC COMPANY	PURCHASE ORDER #2700171016 DATED 10/01/2018	10/1/2018	\$364,229.36

The first of the Debtor Identified Contracts/Invoices is simply a change order to the MSA 2544, with an effective date of June 1, 2020, that reflects substantial price concessions provided PG&E in recent months. But, in order to assume MSA 2544 (as opposed to one change order not

¹ Pursuant to applicable law (Cal. Civ. Code § 3289(b)), the principal amount(s) accrue interest at a rate of 10%, which accrues from the date of breach (pre- or post-petition). If the Petition Date is used as the beginning accrual date, using an estimated payment date of June 30, 2020, the cure amount at time of estimated payment, will include interest due of \$2,220,089.65, and additional interest accrual at a daily rate of 0.0274% on the principal amount each day past June 30, 2020, until payment is received.

² Balances due under the respective MSA’s are separately outlined in the exhibits to the Collins Declaration.

1 yet effective), PG&E must cure all defaults, which means paying all amounts due under the
 2 respective MSA's (of which the prior CWA's, BPO's, and PO's, are all a component).

3 The following five (5) of the Debtor Identified Contracts/Invoices are PO's issued pursuant
 4 to the respective MSA's, but pursuant to the terms of and governed by the MSA's, which
 5 themselves are the relevant executory contracts. In order to assume a contract, the entire contract
 6 must be assumed, not just parts.

7 Additionally, both the Plan Supplement and the Plan itself provide that if an executory
 8 contract is not listed on the Plan Supplement (nor listed as a contract to be rejected), then such
 9 unlisted executory contract will be deemed assumed with a cure amount of \$0 ("Assumption and
 10 Cure Default Provisions"). See, Plan Supplement at ¶¶ 5-8; Plan at Section 8.1(a) (contracts not
 11 subject to a motion or listed as to be rejected are "deemed assumed").

12 And not only are the cure amounts listed with respect to the Debtor Identified
 13 Contracts/Invoices incorrect (as set forth in the data submitted with the supporting declaration), it
 14 is unclear whether PG&E seeks to assume the MSA's, specific CWA's, BPO's, or PO's.³

15 Because the Contract(s) are not specifically listed on either the Schedule of Executory
 16 Contracts and Unexpired Leases to be Assumed Pursuant to the Plan and Proposed Cure Amounts
 17 (Exhibit B to the Plan Supplement), nor the Schedule of Executory Contracts and Unexpired
 18 Leases to be Rejected Pursuant to the Plan (Exhibit A to the Plan Supplement), pursuant to the
 19 proposed Plan, absent objection, the Contract(s) could be deemed assumed with no cure payment.
 20 Accordingly, Teichert Pipelines objects to the assumption of the Contract(s) without payment of
 21 the Cure Amount, which is the amount due under the Contract(s) to cure existing defaults.

22 This Cure Objection is supported by and incorporates the concurrently-filed Declaration of
 23 Sean Collins in Support of Teichert Pipelines' Objection to Proposed Cure Amount ("Collins
 24 Declaration"). The Collins Declaration includes a detailed list of every invoice and identifying
 25

26 _____
 27 ³ So, for example, and according to the list of Debtor Identified Contracts/Invoices, it appears as if PG&E is
 28 seeking to assume some purchase orders as if they were the entire executory contract, and not others. But,
 pursuant to the Assumption and Cure Default Provisions, any contracts not listed would be deemed assumed
 without a cure.

1 detail that makes up the Cure Amount. The Debtor is in possession of the particular invoices,
2 which can be provided on further request. The Collins Declaration also provides calculation and
3 detail of amounts due pursuant to both MSA's and PO's.

4 Accordingly, Teichert Pipelines respectfully requests the court condition assumption of the
5 Contract(s) on payment in full of the Cure Amount.

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7 DATED: May 15, 2020

DOWNEY BRAND LLP

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9 By: /s/ Jamie P. Dreher
10 JAMIE P. DREHER
11 Attorneys for Teichert Pipelines, Inc.